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SIPDIS

SENSITIVE

DEPT FOR WHA/AND, WHA/EPSC, EB/CIP
COMMERCE FOR 4331/MAC/WH/MCAMERON
USTR FOR KENNETH SCHAGRIN, JONATHAN MCHALE
FCC INTERNATIONAL BUREAU FOR ETALAGA

E.O. 12958: N/A

TAGS: ECPS ECON ETRD EINV PE

SUBJECT: TELECOMS REGULATOR ISSUES TEMPORARY MOBILE TERMINATION RATE

REF: A) Lima 2027 B) Lima 7035 C) Lima 566

¶1. (SBU) Summary. On May 26, Peruvian telecommunications regulator OSIPTEL issued a temporary mobile termination rate of \$0.2053 for all carriers. According to OSIPTEL President Edwin San Roman, OSIPTEL is still working to establish a cost-based mobile termination rate, which should be published for public comment by mid-June. OSIPTEL, however, will not likely impose a permanent mobile termination rate by the June deadline. End Summary.

¶2. (SBU) Despite previous protests by OSIPTEL President Edwin San Roman that OSIPTEL could not establish a temporary mobile termination rate (ref B), on May 26, OSIPTEL established a new termination rate of \$0.2053 for all carriers. The previous rate varied from \$0.25 to \$0.23, depending upon the carrier. (Note: OSIPTEL, not wanting to look hypocritical, refuses to acknowledge that the new rate is a "temporary one." End Note.) This rate is the same as the former mobile-to-fixed rate, which has since been lowered to \$0.067 in February 2005 (ref C). According to San Roman, this new rate should send a signal to the market that OSIPTEL will regulate mobile termination rates. The new rate also reflects OSIPTEL's belief that mobile termination rates should be based on a symmetrical model - the rate should be applied uniformly to all carriers regardless of the network of origin of the call.

¶3. (SBU) San Roman continues to reassure Post that OSIPTEL is working on establishing a cost-based model that will be used to further regulate mobile termination rates. He noted that the draft resolution should be finished and published by mid-June, for a 20-day public comment period. Shortly thereafter, he explained, the new rate should take effect.

¶4. (SBU) Comment. While the issuance of a temporary mobile termination rate shows that OSIPTEL is prepared to regulate the market, \$0.20 is still higher than the international benchmark of \$0.16. Moreover, despite lip service from San Roman, OSIPTEL does not appear to be prepared to meet its June deadline for a new lower mobile termination rate. We will continue to pressure OSIPTEL to meet its deadline. Post believes that USTR should raise this issue during the current FTA round in Guayaquil. End Comment.

STRUBLE